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Message Text

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15
ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 OMB-01 /046 W
---------- 063044
R 080743Z MAY 75
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9983

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E.O. 11652: N/A
TAGS: EAID, EFIN, JA
SUBJ: JAPANESE GOVERNMENT CREDIT LINES FOR EXPORT PROMOTION

REF: A) TOKYO 4279: B) STATE 055681: C) STATE 038065

1. OFFICIAL OF JAPAN'S EXIM BANK (KIMURA, OVERSEAS DIRECT LOAN DEPT) HAS INDICATED IN DISCUSSIONS WITH EMBOFF SUBSEQUENT TO RECEIPT OF REF TELS B AND C THAT JAPAN EXIM YEN CREDITS TO FOREIGN GOVERNMENTS TO NOT FIT DESCRIPTION OF CREDIT LINES CONTAINED REFTELS. ACCORDING TO KIMURA, JAPAN EXIM DOES NOT CONCLUDE AGREEMENTS WITH GOVERNMENTS UNDER WHICH INDIVIDUAL DEFERRED PAYMENT CONTRACTS WITH VARYING TERMS AND CONDITIONS ARE SUBSEQUENTLY CONCLUDED. RATHER, UNDER AN AGREEMENT FOR A YEN CREDIT LOAN FROM JAPAN EXIM TO A FOREIGN GOVERNMENT, SUBSEQUENT TRANSACTIONS BETWEEN THAT COUNTRY'S GOVERNMENT OR PRIVATE ENTERPRISES AND JAPANESE ENTERPRISES ARE THEN ON A CASH BASIS, AND QUESTION OF DEFERRED PAYMENT CONTRACTS BETWEEN PURCHASER AND SUPPLIER, WITH VARYING TERMS AND CONDITIONS, DOES NOT ARISE. ACCORDING TO KIMURA, SINCE YEN LOAN RECIPENTS ARE GOVERNMENTS, IN NO CASE DO JAPANESE EXPORTERS UNDER YEN LOANS NEED THIRD PARTY GUARANTEES. EXIM HAS NO UNIFORM RULE CONCERNING LOCAL COST FINANCING, BUT RECENT CASES INDICATE EXIM
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WILL FINANCE LOCAL COSTS UP TO EQUIVALENT OF CONTRACT DOWN PAYMENT,

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I.E. AROUND 15 PERCENT.

2. OFFICIAL OFJAPAN'S OVERSEAS ECONOMIC COOPERATION FUND (YOSHII, SURVEY AND DEVELOPMENT SECTION) INDICATED ALONG SIMILAR LINES THAT OECF YEN LOANS TO FOREIGN GOVERNMENTS DO NOT FIT DESCRIPTION OF CREDIT LINES CONVEYED REFTELS. ACCORDING TO YOSHII, OECF HAS NO LIST OF SPECIFIC KINDS OF PROJECTS ELIGIBLE FOR FINANCING BY YEN LOANS, BUT RATHER WILL RECEIVE PROPOSALS REGARDING ANY KIND OF PROJECT EXCEPT QTE MILIATARY PROJECTS UNQTE AND DECIDE WHETHER TO ISSUE LOAN BASED ON OECF'S APPRAISAL OF PROJECT SUITABILITY. OECF HAS NO PARTICULAR QTE PHILOSOPHY UNQTE ON THIS POINT, HE SAID. RE MIXED CREDITS, YOSHII SAID HE BELIEVES OECF HAS EXTENDED SUCH LOANS NOT ONLY WITH JAPANESE CITY BANKS BUT ALSO WITH IFI'S SUCH AS ASIAN DEVELOPMENT BANK. YOSHII SAID HE NOT KNOWLEDGEABLE THIS POINT BUT THAT MATTER CAN BE PURSUED DURING FORTHCOMING VISIT OF GORDON PLANTS TO TOKYO.

3. EMBASSY HAS OBTAINED FROM JAPAN EXIM JAPANESE LANGUAGE PRESS RELEASES COVERING YEN CREDITS OF LAST THREE YEARS. WE HAVE TRANSLATED A REPRESENATIVE SAMPLE AND ARE FORWARDING THEM TO EXIM, C/O GORDON PLANTS.
UNFORTUANATELY, NEITHER JAPAN EXIM NOR OECF WAS WILLING TO PROVIDE SAMPLE LOAN AGREEMENTS, BUT EMBASSY HAS OBTAINED FROM OECF ON QTE UNOFFICIAL, CONFIDENTIAL UNQTE BASIS AND IS ALSO FORWARDING COPY OF OECF'S GENERAL TERMS AND CONDITIONS OF LOAN AGREEMENT, WHICH SHOULD BE OF INTEREST TO EXIM.INFO IN THIS DOCUMENT IS FOR EXIM BACKGROUND ONLY, AND FACT THAT WE HAVE RECEIVED COPY SHOULD NOT BE DISCLOSED.
HODGSON

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Disposition Action: RELEASED
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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